



## Senate

General Assembly

**File No. 9**

January Session, 2003

Substitute Senate Bill No. 757

*Senate, March 10, 2003*

The Committee on Labor and Public Employees reported through SEN. PRAGUE of the 19th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

### ***AN ACT PROTECTING MUNICIPAL RETIREE HEALTH INSURANCE BENEFITS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1      Section 1. (NEW) (*Effective from passage*) Notwithstanding any  
2      provision of the general statutes or special act 01-1, no municipality or  
3      subdivision of a municipality that provides group health insurance  
4      benefits to a retiree of the municipality or subdivision as of the  
5      effective date of this section shall diminish or eliminate such retiree's  
6      benefits. Nothing in this section shall be construed to prohibit such  
7      municipality or subdivision from selecting an alternative insurance  
8      carrier to provide such retiree's benefits as long as the benefits  
9      provided by the alternative insurance carrier are at least equivalent to  
10     the benefits previously provided by such municipality or subdivision  
11     to such retiree.

This act shall take effect as follows:
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Section 1	<i>from passage</i>
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**LAB**      *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:**

Effect	Municipalities	FY 04 \$	FY 05 \$
Eliminates Potential Savings	All Municipalities, Waterbury	See Below	See Below

**Explanation**

The bill prohibits municipalities that choose to provide group health insurance benefits for their retirees from eliminating or diminishing those benefits. This would eliminate potential savings that municipalities could achieve by making benefit changes for their retirees.

The bill specifically applies to the Waterbury Financial Planning and Assistance Board. The bill would eliminate the board's ability to achieve cost savings by making changes to the health insurance benefits of retirees.

Any potential municipal savings in the area of retiree health insurance benefits is a function of the difference between the cost of the current health coverage and the cost of the new health benefit structure. The magnitude of any potential savings would vary from municipality to municipality and cannot be determined without this specific information.

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**OLR Bill Analysis**

sSB 757

***AN ACT PROTECTING MUNICIPAL RETIREE HEALTH  
INSURANCE BENEFITS*****SUMMARY:**

This bill bars municipalities, housing authorities, and other municipal subdivisions from eliminating or diminishing group health insurance benefits that they choose to provide for their retirees. It applies to municipalities that arrange for health insurance on their own or through the state-sponsored Municipal Employee Health Insurance Program (MEHIP). Current law does not specifically address municipalities providing health insurance to their retirees. But it prohibits them from diminishing retirement benefits for any retirees, although it does not specify whether these includes health insurance.

The bill's prohibition specifically applies to SA 01-1, which created the Waterbury Financial Planning and Assistance Board to oversee the city's finances. The bill prohibits the city from being bound by or carrying out a board decision to reduce retirees' health insurance benefits when a contract has been reopened. The act allows the board to (1) ask the city and the unions to renegotiate an existing contract and (2) impose its terms on the parties if they fail to come up with an amendment it finds acceptable. A court case is pending over whether the act allows the city and the board to change the health insurance plan of Waterbury retirees. Thus far, the Superior Court has ruled it does not give the city and the board the power to make such changes.

The bill specifically allows a municipality or municipal subdivision to select an alternative group health insurance carrier for retirees if the benefits remain at least equivalent to those previously provided.

EFFECTIVE DATE: Upon passage

**BACKGROUND*****Waterbury Financial Oversight Board***

Last year, a Superior Court found that SA 01-1 did not give the oversight board the unilateral power to change the health insurance coverage for a group of retired firefighters (*Poole, et al. v. City of Waterbury, et al.*, 33 Conn. L. Rptr. 209 (Conn. Super. Ct. 2002)). The city and the oversight board had proposed switching the retired firefighters from a traditional indemnity health insurance plan to a managed care plan, and the retirees went to court to stop the move. The court issued an injunction ordering the city and the board to stop any action to involuntarily terminate any retired firefighters from the health insurance plan they chose at the time of their retirement. The city and the oversight board are appealing the case.

### **MEHIP**

The MEHIP group health plan is available through the comptroller for any municipality, municipal subdivision, or nonprofit organization. Most participants offer MEHIP health insurance for employees, although some also offer it to retirees.

### **COMMITTEE ACTION**

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 12      Nay 0